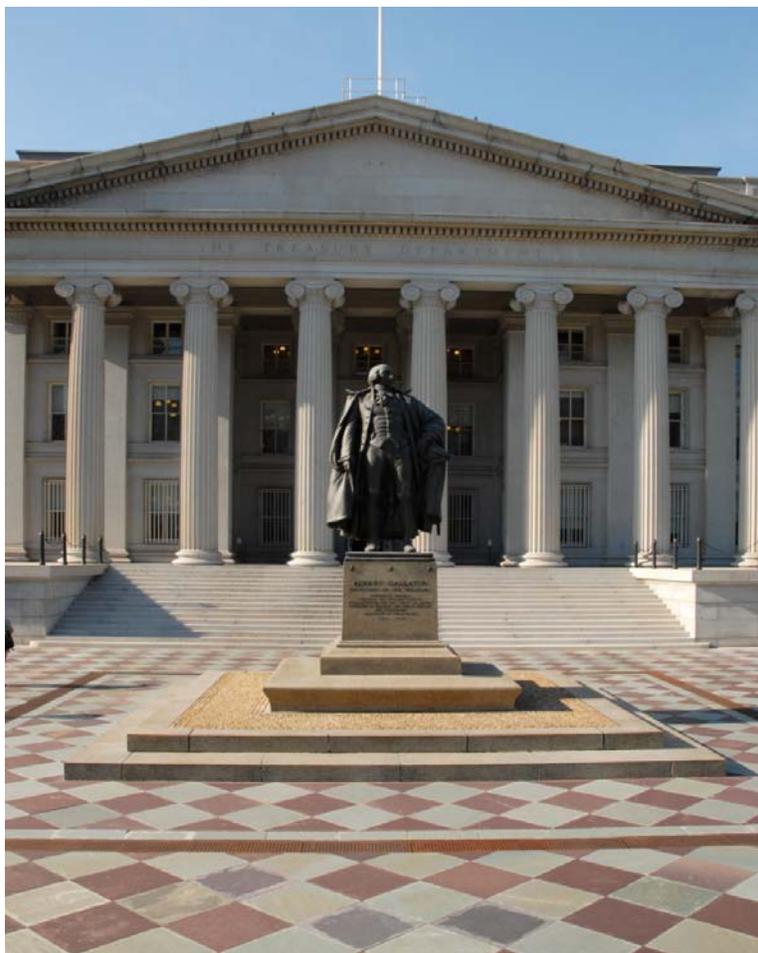


Treasury Inspector General for
Tax Administration
Office of Inspections and Evaluations
Fiscal Year 2013 Program Plan



January 24, 2013
(Internal)

TIGTA's Vision

To maintain a highly skilled proactive and diverse Inspector General organization with a record of protecting and promoting fair tax administration.

TIGTA's Mission

Provide integrated audit and investigative, and inspection and evaluation services that promote economy, efficiency and integrity in the administration of the internal revenue laws.

TIGTA's Core Values

***Integrity** - Maintain the highest professional standards of independence, objectivity and operational excellence in pursuit of TIGTA's mission.*

***Organizational Innovation** - Model advanced practices in organizational structure, audit, investigative, and inspection and evaluation methodology through adoption of cutting edge information technology.*

***Value Employees** - Respect employees' dignity, contributions, work-life balance, and recognize diversity as fundamental to the strength of our organization.*

***Commitment to Community** - Establish and maintain collaborative and professional relationships with other government and non-governmental stakeholders.*

Overview

The Treasury Inspector General for Tax Administration (TIGTA) provides independent oversight of the Department of the Treasury matters involving Internal Revenue Service (IRS) activities, the IRS Oversight Board, and the IRS Office of Chief Counsel. Although TIGTA is placed organizationally within the Department of the Treasury and reports to the Secretary of the Treasury and to Congress, TIGTA functions independently from all other offices and bureaus within the Department.

TIGTA's work is devoted to all aspects of activity related to the Federal tax system as administered by the IRS. By identifying and addressing IRS's management challenges, implementing the *President's Performance Management Agenda*, and the priorities of the Department of the Treasury, TIGTA protects the public's confidence in the tax system.

TIGTA's organizational structure is comprised of the Office of the Inspector General and six functional offices: the Office of Investigations; the Office of Audit; the Office of Inspections and Evaluations; the Office of Mission Support; the Chief Information Officer, and the Office of Chief Counsel.

Office of Inspections and Evaluations

The TIGTA's Office of Inspections and Evaluations (I&E) provides a range of specialized services and products, including quick response reviews, on-site office inspections, and more detailed evaluations.

I&E Planning Process

I&E's senior executive and staff engage in an ongoing process to assess the emerging issues likely to affect tax administration. This involves discussions with IRS executives, members of Congress and their staffs, and periodic meetings with the IRS Oversight Board, and Department of the Treasury staff. Additionally, I&E staff coordinate their planned activities with TIGTA's Office of Audit and Office of Investigations. Because I&E responds to emerging IRS issues, this Program Plan is subject to change.

Fiscal Year 2013 Emphasis Areas

In Fiscal Year (FY) 2013, I&E has structured its Program Plan to concentrate on three topics: oversight of the American Recovery and Reinvestment Act of 2009 (Recovery Act)¹ funds; IRS general operations; and emerging international issues.

Recovery Act

Inspectors General are responsible for reviewing agency performance and use of Recovery Act funds. The IRS received approximately \$200 million to implement tax law changes contained in the Recovery Act. Within the TIGTA, I&E and the Office of Audit conduct reviews of the use of these funds and our reports will be forwarded to the Recovery Accountability and

¹ Pub. L. No. 111-5, 123 Stat. 115 (2009).

Transparency Board² and made available to the public. We plan to conduct two inspections of IRS's compliance with Recovery Act reporting requirements and review the controls over Renewable Energy grants received in lieu of tax credits.

General Operations

The IRS employs over 80,000 individuals in over 600 locations. The workforce expands and contracts as needed to accommodate the filing season each year. We plan to review the IRS's compliance with specific laws such as the Telework Enhancement Act of 2010³ and the Plain Writing Act of 2010.⁴ Additionally, we will initiate projects to assess the IRS's efforts to provide adaptive equipment and services to employees that need them, evaluate portions of IRS's document retention and disposal controls, and processes established to detect and deter phishing acts against IRS systems.

International Programs

The United States (U.S.) taxes U.S. individuals and businesses on their world-wide income. Foreign persons are taxed on their U.S. source income. The international tax administration can be divided into four general areas:

- U.S. business cross-border,
- Foreign business in the United States,
- Individual person cross-border, and
- Foreign person in the United States.

The tax law for cross-border transactions and investments can be highly complex and specialized. For both businesses and individuals, partnerships and tiered structures are used for both business purposes and to obscure the beneficial owner of the assets.

The President, the Secretary of the Treasury, and the IRS Commissioner have placed an emphasis on international tax compliance. Also, business tax reform discussions include potential substantive changes to intercompany transfer pricing policy. In addition, the Foreign Account Tax Compliance Act (FACTA)⁵ is being implemented by the IRS to help prevent U.S. taxpayers from hiding assets offshore.

TIGTA is committed to providing oversight to IRS programs and activities that administrate cross-border transactions.

If the Deputy Inspector General I&E determines there is a need to respond to priority emerging issues, some of the projects listed may be deferred to a later date or dropped.

² The Recovery Accountability and Transparency Board was created by the Recovery Act with two goals: to provide transparency of Recovery Act funds, and to prevent and detect fraud, waste, and mismanagement. Twelve Inspectors General from various Federal agencies serve with the chairman. The Recovery Accountability and Transparency Board issues quarterly and annual reports to the President and Congress and, if necessary, "flash reports" on matters that require immediate attention.

³ Pub. L. No. 111-292 (2010).

⁴ Pub. L. No. 111-274, 124 Stat. 2861 (2010).

⁵ Pub. L. No. 111-147, Subtitle A, 124 Stat 71, 96-116 (2010) (codified in scattered sections of 26 U.S.C.).

Projects Carried Over from FY 2012

Survey of IRS Criminal Investigation

Determine if IRS Criminal Investigation special agents' firearms and related sensitive investigative equipment are readily available while on duty. (IE-12-011)

Gainsharing

Determine the effectiveness of the controls established over the gainsharing program. For the period FY 2008 through FY 2011, IRS spent approximately \$2 million on gainsharing awards. (IE-12-012)

Research Project on IRS Executive Travel

Assess the costs and frequency of the IRS senior executive travel, whether the IRS has considered alternatives to reduce travel expenses incurred by IRS executives and whether the IRS is consistently complying with the Federal Travel Regulations. (IE-13-002)

Recovery Act - TIGTA Lessons Learned Capstone Report

Compile and assess all of the Recovery Act investigative, audit, and inspections and evaluations work, outreach efforts, and Congressional testimony, as well as how TIGTA expended the funds allocated by the Recovery Act. (IE-12-017-A)

Tax Gap

Provide the information needed to assist in understanding how the estimate is derived and whether additional information is needed. (IE-12-013)

Projects Planned to start in FY 2013

IRS's Telework Program

Determine if the IRS is complying with all the requirements of the Telework Enhancement Act of 2010.

Recovery Act - Evaluation of the IRS's Accounting for Recovery Act Fund Expenditures During the Period October 1, 2010, through September 30, 2011

Determine whether: 1) the expenditures the IRS reported to the Office of Management and Budget can be reconciled to IRS's financial system; 2) the IRS's financial reports complied with Office of Management and Budget implementing guidance and Recovery Act requirements; and, 3) the IRS submitted the Recovery Act reports in a timely manner.

Recovery Act - Evaluation of the IRS's Accounting for Recovery Act Fund Expenditures During the Period October 1, 2011, through September 30, 2012

Determine whether: 1) the expenditures the IRS reported to the Office of Management and Budget can be reconciled to IRS's financial system; 2) the IRS's financial reports complied with Office of Management and Budget implementing guidance and Recovery Act requirements; and 3) the IRS submitted the Recovery Act reports in a timely manner.

Recovery Act - Energy Grants

Review of controls over Renewable Energy Grants provided to qualified taxpayers in lieu of tax credits. As of July 2012, almost \$13 billion in energy grants have been distributed.

IRS's compliance with the requirements of the Plain Writing Act

The Plain Writing Act of 2010 was signed on October 13, 2010. It requires that Federal agencies use "clear Government communication that the public can understand and use." Additionally, Federal agencies are required to create certain special positions and to complete certain actions within specified time frames.

Evaluation of the IRS's Information Resources Accessibility Program

Determine if the Information Resources Accessibility Program (IRAP) Office is able to timely meet the needs of IRS employees with certain disabilities.

IRS's compliance with the U.S. Department Homeland Security, Presidential Directive 12, Policy for a Common Identification Standard for Federal Employees and Contractors (2004)

Determine the IRS's compliance with the Directive which requires agencies to upgrade their physical and logical access control infrastructure to require Homeland Security Presidential Directive-12 Personal Identity Verification credentials for access to Information Technology systems and facilities. This phase of the review will concentrate on physical controls to access the IRS's over 600 facilities.

Phishing

Inspection of the IRS's program to detect and deter phishing attacks against the IRS.

Document Destruction

Inspection of the IRS's program to ensure sensitive hardcopy documents are properly destroyed when no longer required to be retained.

Remittance Deposit Procedures

Review remittance deposit procedures for compliance with policies and procedure established in the Internal Revenue Manual.

IRS Facility Security – Points of Entry

Inspect selected IRS facilities for compliance with security policies and procedures established in the Internal Revenue Manual.

IRS's Use of the Wounded Warrior Intern Program

Review the IRS's use of the program and determine if any interns transitioned into full-time positions.

IRS Facility Security – Mail Handling

Inspect selected IRS facilities for compliance with policies and procedures established in the Internal Revenue Manual for the safe handling of incoming mail.

Child Care Centers Collocated in IRS Controlled Facilities

Evaluate IRS procedures for the establishment of collocated child care centers, to include requirements for physical security access controls, screening of center staff, and public access to the center.

Off-Site Facility Location Selection Process

Evaluate the criteria used by the IRS to determine the location of off-site campus support facilities and physical security plans for those facilities.

Evaluate the IRS's compliance with Executive Order 13576, Delivering an Efficient, Effective, and Accountable Government (June 13, 2011)

Determine the IRS's efforts to successfully reform information technology, reduce improper payments, leverage the Federal Government's purchasing scale, reduce high risk contracting practices, improve the management of Federal real estate, enhance customer service, and achieve agency and Federal Government priority goals identified pursuant to the Government Performance and Results Modernization Act of 2010.

Evaluate the IRS's compliance with Executive Order 13589, Promoting Efficient Spending (November 9, 2011)

Determine the IRS's efforts to identify opportunities to promote efficient and effective spending and reduce the combined costs associated with the activities covered by Sections 3 through 7 of the Executive Order, as well as activities included in the Administrative Efficiency Initiative in the Fiscal Year 2012 Budget, by not less than 20 percent below Fiscal Year 2010 levels.

Compendium

Provide a value added analysis that identifies the most important unimplemented recommendations and the status of corrective actions.

International

Evaluation of Global-High Wealth Industry Effectiveness in Achieving Business Objectives.

**Scheduled Internal Reviews of
TIGTA Programs/Operations FY 2013**

Review of Law Enforcement Vehicles

Review of Special Agent Readiness

Review of Telework Program

Review of Investigation Imprest Fund – Atlanta Field Division

Review of Investigation Imprest Fund – Chicago Field Division

Review of Investigation Imprest Fund – Denver Field Division

Review of Investigation Imprest Fund – Washington Field Division

TIGTA Office of Inspections and Evaluations Fiscal Year 2013 Program Plan



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1-800-366-4484

Information you provide is confidential and you may remain anonymous.